Nutriband

May 01, 2025

Fiscal 2025 Reported With Product Progress Updates

Healthcare
NTRB
NCM

Rating
Outperform
Unchanged

Current Price
$6.88
Target Price
$13.00

Market Capitalization
76.74m

Shares Outstanding
11.15m

Float
5.10m

Institutional Holdings
2.2%

12-Month Low/High
$3.30/$11.78

Average 90-Day Volume
37070

Fiscal Year End
2026-1-31

Revenues ($ MIL)

Period	2024	2025A	2026E
Q1	477	409	665
Q2	656	443	705
Q3	428	646	725
Q4	525	642	11,765
	2,085	2,297	13,860

EPS ($)

Period	2024A	2025A	2026E
Q1	(0.13)	(0.21)	(0.16)E
Q2	(0.11)	(0.15)	(0.20)E
Q3	(0.22)	(0.12)	(0.19)E
Q4	(0.17)	(0.50)	(0.07)E
	(0.69)	(0.99)	(0.61)E

Fiscal Year 2025 Reported. Nutriband reported its financial results for FY2025, ended January 31, 2025, with a 4Q25 loss of $5.5 million or ($0.50) per share and a loss of $10.5 million or $(0.99) per share. Preparations for the abuse-deterrence clinical testing continue, with an NDA expected toward 4Q25 or early 2026. As of January 31, 2025, the cash balance was $4.3 million.

Revenue For The Pocono Pharmaceutical Division Met Expectations. The Pocono Pharmaceutical division revenue for FY2025 was $2.1 million, with 4Q25 consistent with previous quarters. Gross margin improved in 4Q25 to 45% of sales, the highest level of the year. Nutriband has extended its contract manufacturing collaboration with KT tape, the kinesiology tape company, with modest growth in our projections for FY2026.

AVERSA Fentanyl Margins Could Be Higher Than We Estimated. Our models for the AVERSA Fentanyl abuse-deterrent patch have been based on margins comparable with its current products, plus a small premium over current generics. Our expected gross margin were between 40% and 50% in the initial years. The company announced the completion of a new evaluation to update its cost of goods estimates. It now believes it can achieve gross margins similar to newly-approved pharmaceutical products, which are typically in the range of 80% to 95% of the selling price.

Collaboration With Kindeva Was Amended. As discussed in our Research Note on February 4, Nutriband and Kindeva Drug Delivery amended their partnership for the development of manufacturing processes and commercial-scale production. The changes include sharing development costs through approval with royalties to Kindeva on future product sales. This reduces the near-term costs for Nutriband, extending its cash balance and reducing its need to raise capital. We also see this as a sign that both parties are optimistic about the future of the product.

Conclusion. Nutriband continues to prepare for clinical testing, submission of regulatory approval filings, and commercial production for AVERSA Fentanyl. With sufficient cash for the near term, we have pushed a stock offering from early FY2026 to late 2026, if necessary, and adjusted our FY2026 estimates. We are reiterating our Outperform rating and $13 price target.

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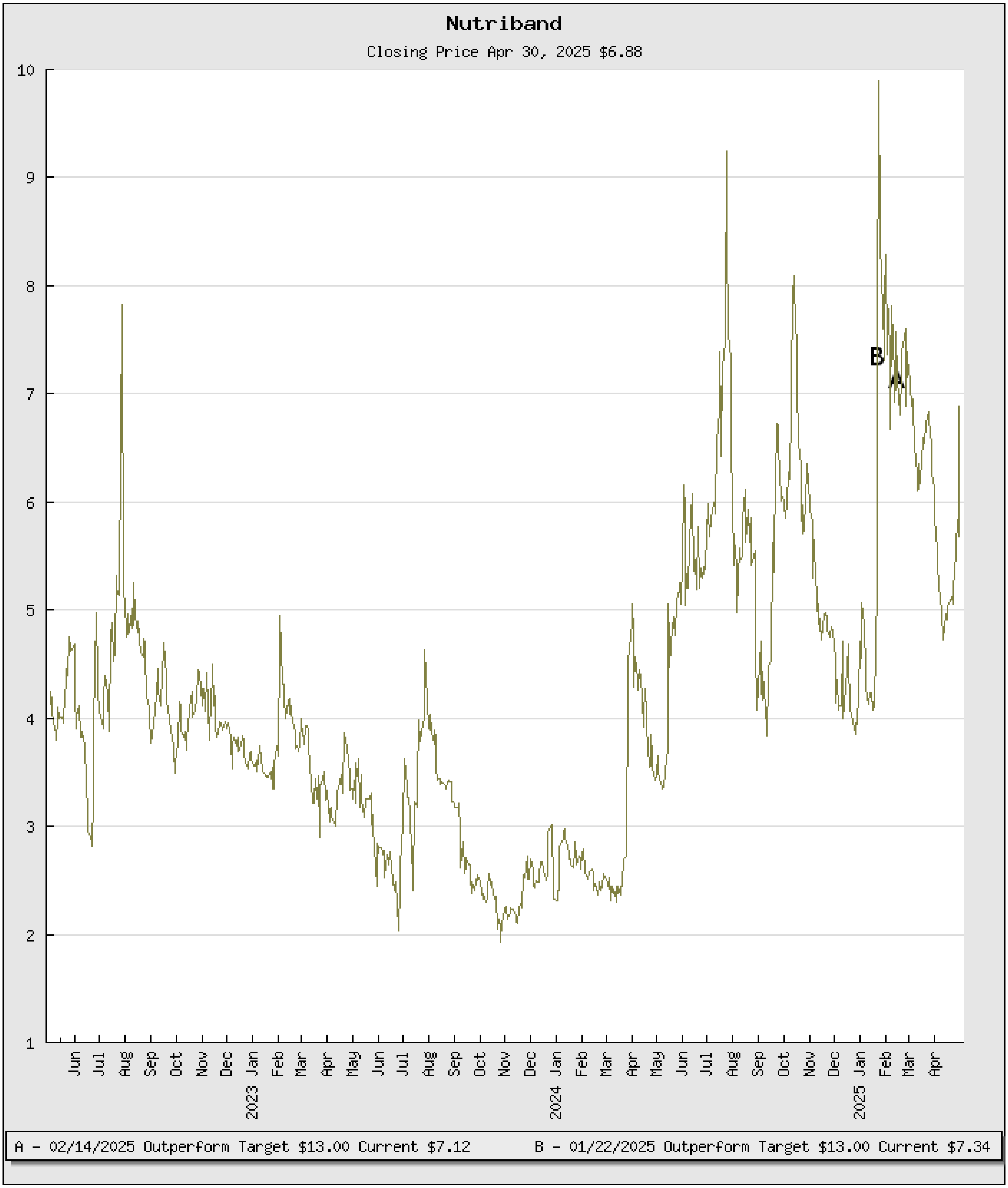
Company Profile

Nutriband, Inc. is a pharmaceutical company developing transdermal patch technologies for drug delivery. Its proprietary technology, known as AVERSA, has abuse-deterrent features. The lead product is AVERSA Fentanyl, an abuse-deterrent transdermal patch for delivering fentanyl that improves safety, compliance, and patient comfort.

Valuation Summary

We base our valuation on expectations for New Drug Application using the 505(b)(2) pathway to be filed late 2H25 or early 2026. Allowed for a 10-month standard review we anticipate approval and in 2H26. We assume AVERSA Fentanyl is priced at a premium to current transdermal fentanyl patches, and base our valuation on FY2027 EPS of $1.45 per share discounted at 30% per year with a multiple of 15X for a price target of $13 per share.


Nutriband
Closing Price Apr 30, 2025 $6.88
10
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B
A
Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr
2023
2024
2025
A - 02/14/2025 Outperform Target $13.00 Current $7.12
B - 01/22/2025 Outperform Target $13.00 Current $7.34

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company’s fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or under-served needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicality, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Senior Equity Research Analyst focusing on the Biotechnology and Specialty Pharmaceuticals industry. 16 years of industry experience. BA in Economics from Tulane University and an MBA from Columbia Business School. FINRA licenses 7, 24, 63, 86, 87

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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	88%	16%
Market Perform: potential return is -15% to 15% of the current price	12%	6%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

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